

KING & SPALDING LLP

Arthur Steinberg, Esq.
1185 Avenue of the Americas
New York, New York 10036
Telephone: (212) 556-2100
Facsimile: (212) 556-2222
Email: asteinberg@kslaw.com

Counsel for the Midcap Entities

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

RELATIVITY MEDIA, LLC., *et al.*

Debtors.

Chapter 11

Case No. 18-11358 (MEW)

(Jointly Administered)

Ref. Nos. 17 & 56

**REQUEST FOR CLARIFICATION BY THE MIDCAP ENTITIES WITH
RESPECT TO THE DEBTORS' MOTION FOR AN INTERIM BRIDGE
ORDER AUTHORIZING, INTER ALIA, SECURED POST-PETITION
FINANCING AND USE OF CASH COLLATERAL**

MidCap Financial Trust, Midcap Funding X Trust, Apollo Moultrie Credit Fund, L.P. and Apollo Tactical Value SPN Investments, L.P., in their capacity as prepetition secured lenders (collectively, the “**MidCap Entities**”), through their undersigned counsel, file this Request For Clarification (“**Clarification**”) to the *Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing Debtors to Obtain Secured Post-Petition Financing and Use Cash Collateral; (II) Granting Adequate Protection; (III) Modifying The Automatic Stay; (IV) Scheduling A Final Hearing; and (V) Granting Related Relief* [Docket No. 17]) and, in support thereof, state as follows:

Background

1. The Debtors filed their voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code on May 3, 2018. At the May 9, 2018 “first-day” hearing, the Debtors

sought interim authority to obtain post-petition financing and to use Cash Collateral, as well as interim authority to continue their existing cash management system.

2. On May 10, 2018, the Court entered an interim order authorizing the Debtors to continue their existing cash management system in accordance with the terms thereof [Docket No. 42] (“**Interim Cash Management Order**”). On May 14, 2018, the Court entered the first interim order authorizing the Debtors to obtain postpetition financing and utilize Cash Collateral in accordance with the terms thereof [Docket No. 56] (“**First Interim DIP Order**”).

3. The Debtors are seeking authority to extend the First Interim DIP Order pursuant to a bridge interim DIP Order (“**Second Interim DIP Order**”) through the final hearing, which is scheduled for June 12, 2018.

The Clarification

4. The MidCap Entities are prepetition secured parties of certain of the Debtors pursuant to agreements between the MidCap Entities and those Debtors. They seek clarification in the Second Interim DIP Order (as well as in any final DIP order) that the Debtors are not seeking authority to use Cash Collateral subject to the prepetition security interest of the MidCap Entities (“**MidCap Cash Collateral**”).

5. The Interim Cash Management Order provides that “[t]he Debtors agree that (a) they may not use cash collateral of the Midcap Entities without the written consent of the Midcap Entities...” [¶2, Docket No. 42].

6. The Midcap Entities requested that the proposed Second Interim DIP Order make clear that the Debtors’ use of Cash Collateral excludes the MidCap Cash Collateral. To date, the responses given by counsel for the Debtors and the DIP Lenders are that while they do not

disagree with the position taken by the Midcap Entities, there is no reason to modify the Proposed Second Interim DIP Order. The Midcap Entities disagree and have filed this Clarification so the issue is explicitly dealt with as part of the proposed Second Interim DIP Order.

7. The MidCap Entities request that the proposed Second Interim DIP Order include the following language (“**Suggested Language**”):

“For the avoidance of doubt, the Debtors are not authorized to use the MidCap Cash Collateral without the written consent of the MidCap Entities. The Debtors’ use of Cash Collateral shall be consistent in all respects with the Interim Cash Management Order.”

CONCLUSION

WHEREFORE, the MidCap Entities requests that the Court include the Suggested Language in the proposed Second Interim DIP Order, and grant it such other and further relief as is just and proper.

Dated: New York, New York
May 29, 2018

Respectfully submitted,

/s/ Arthur Steinberg
Arthur Steinberg
King & Spalding LLP
1185 Avenue of the Americas
New York, New York 10036
Telephone: (212) 556-2100
Facsimile: (212) 556-2222
Email: asteinberg@kslaw.com

Counsel for the MidCap Entities